

**The New Jersey Maritime Pilot and
Docking Pilot Commission**

**Financial Statements
June 30, 2014 and 2013**

The New Jersey Maritime Pilot and Docking Pilot Commission

Financial Statements

June 30, 2014 and 2013

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The CPA Never Underestimate The Value.

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
The New Jersey Maritime Pilot and Docking Pilot Commission
Newark, New Jersey

Report on the Financial Statements

We have audited the accompanying statement of assets, liabilities and net assets of The New Jersey Maritime Pilot and Docking Pilot Commission (the Commission) as of June 30, 2014 and 2013 and the related statements of revenues, expenses and changes in net assets, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

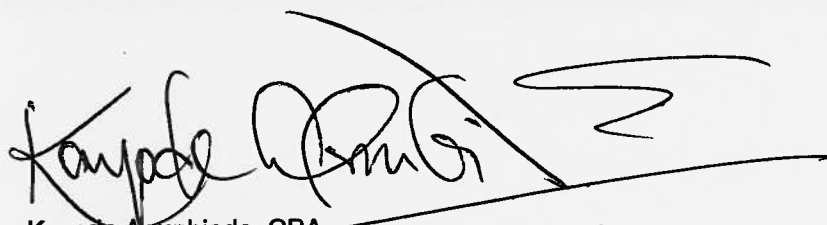
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

~~We believe that the audit evidence we have obtained is sufficient and appropriate to provide a~~
reasonable basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The New Jersey Maritime Pilot and Docking Pilot Commission as of June 30, 2014 and 2013 and the changes in its net assets and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

A large, stylized handwritten signature in black ink, appearing to read 'Kayode Agunbiade', is written over the printed name and date.

Kayode Agunbiade, CPA
East Orange, New Jersey
October 29, 2014

The New Jersey Maritime Pilot and Docking Pilot Commission
Statements of Assets, Liabilities and Net Assets
June 30, 2014 and 2013

ASSETS			
		2014	2013
Current Assets			
Cash		\$ 59,169	\$ 45,564
Amount on account with State of New Jersey DOT		66,724	281,130
Statutory fees receivable		<u>1,850</u>	<u>-</u>
Total Assets		<u><u>\$ 127,743</u></u>	<u><u>\$ 326,694</u></u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable		<u>\$ 3,000</u>	<u>\$ 3,500</u>
Total Current Liabilities		3,000	3,500
Unrestricted Net Assets		<u>124,743</u>	<u>323,194</u>
Total Current Liabilities and Unrestricted Net Assets		<u><u>\$ 127,743</u></u>	<u><u>\$ 326,694</u></u>

The notes are an integral part of these financial statements

The New Jersey Maritime Pilot and Docking Pilot Commission
Statements of Revenues, Expenses and Changes in Net Assets
For the Years Ended June 30, 2014 and 2013

Unrestricted Net Assets	2014	2013
Revenue:		
Statutory fee income	\$ 171,993	\$ 75,884
Licensing fee income	10,750	8,045
	<u> </u>	<u> </u>
Total Revenue	<u>182,743</u>	<u>83,929</u>
Expenses:		
Payroll and Taxes	171,637	180,292
Fringe benefits	83,326	79,852
Rent	25,608	25,080
Office Supplies and equipment	6,710	5,770
Professional fees	3,500	3,500
Meetings	2,679	2,918
Commissioner incidentals	2,275	2,860
Newspaper announcements	3,127	1,594
Pilot training	10,300	10,000
Miscellaneous	62,991	9,759
Continuing Education	-	1,494
Travel	38	1,811
Annual memberships	1,500	1,700
Awards and plaques	250	125
Conferences	300	300
Dues and subscription	1,725	1,556
ID/Badges/Wallets	331	232
Occurrence Investigations	-	1,400
Supplies	2,632	3,276
Utilities/Telephone	2,266	2,559
	<u> </u>	<u> </u>
Total Expenses	<u>381,194</u>	<u>336,079</u>
Increase (Decrease) in Net Assets	(198,451)	(252,150)
Net Assets, Beginning of Year	<u>323,194</u>	<u>575,344</u>
Net Assets, End of Year	<u>\$ 124,743</u>	<u>\$ 323,194</u>

The notes are an integral part of these financial statements

The New Jersey Maritime Pilot and Docking Pilot Commission
Statements of Cash Flows
For the Years Ended June 30, 2014 and 2013

	2014	2013
Cash Flows from Operating Activities:		
Increase (Decrease) in net assets	\$ (198,451)	\$ (252,150)
Adjustments to Reconcile Increase in Fund Balance to		
Net Cash (Used in) Provided by Operating Activities:		
Change in Operating Assets and Liabilities:		
Amount on account with State of New Jersey/DOT	214,406	267,405
Statutory fees Receivable	(1,850)	2,498
Accounts payable	(500)	-
	<hr/>	<hr/>
Net Cash (Used in) Provided by Operating Activities	13,605	17,753
and Net (Decrease) Increase in Cash	<hr/>	<hr/>
Cash - Beginning of Year	45,564	27,811
Cash - End of Year	<u>\$ 59,169</u>	<u>\$ 45,564</u>

The notes are an integral part of these financial statements

The New Jersey Maritime Pilot and Docking Pilot Commission
Notes to Financial Statements
June 30, 2014 and 2013

Note 1 – Nature of Organization and Summary of Significant Accounting Policies

The New Jersey Maritime Pilot and Docking Pilot Commission (the "Commission") is a public agency, created by the New Jersey State Legislature, Laws of 1837, as amended, to provide for the competitive selection, training, licensing and regulation of State Pilots, who navigate large seagoing vessels, as they enter the Port of New Jersey/New York (the "Port"), travel within the respective waterways and depart from the Port. The Commission has six Commissioners appointed by the Governor. The Commission's administrative expenses are funded by the statutory prescribed fees received by New Jersey licensed maritime pilots and docking pilots and these funds are received and held by New Jersey Department of Transportation ("NJDOT"). NJDOT provides certain administrative services, primarily payroll and accounting services, to the Commission and reimburses the Commission from the Commission's funds, those amounts expended from the Commission's bank account.

Basis of Accounting Presentation

The accompanying financial statements of The New Jersey Maritime Pilot and Docking Pilot Commission have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

The Assets of the Commission are used solely for the purpose described above, therefore, it has not been necessary and, accordingly, no resolution restricting the net assets of the Commission has been adopted.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition and Receivables

Revenues are recognized in the period pilot services are provided and consist primarily of pilot fees that are reported at estimated net realizable amounts which are used to support various programs.

Statutory fees receivable is recorded at the net realizable value and does not bear interest. There is no allowance recorded at June 30, 2014 and 2013.

Risk and Uncertainties

The Commission's significant credit risk is the amount on account from the State of New Jersey/DOT. There is a potential for the State of New Jersey to appropriate surplus funds to subsidize New Jersey State budget deficiencies. Due to this level of risk, it is at least reasonably possible that changes in funds available to the Commission will occur in the near term and such changes could materially affect the amounts reported in the accompanying financial statements.

The New Jersey Maritime Pilot and Docking Pilot Commission
Notes to Financial Statements
June 30, 2014 and 2013

Financial Instruments

The carrying values of the Commission's financial instruments as of June 30, 2014 include cash, receivables and amounts on account with the State of New Jersey/DOT approximate their market value due to the relatively short maturity of these instruments.

Fair Value Disclosure

The Commission has provided fair value disclosure information for relevant assets and liabilities in these financial statements.

For applicable assets and liabilities subject to the provisions of fair value measurements under FASB ASC 820, the Commission will value, such assets and liabilities using quoted market process in active markets for identical assets and liabilities to the extent possible. To the extent that such market prices are not available, management will next attempt to value such assets and liabilities using observable measurement criteria, including quoted market prices of similar assets and liabilities in active and inactive markets and other corroborated factors. In the event that quoted market prices in active markets for identical assets and liabilities (Level 1) and other observable measurement criteria (Level 2) or unobservable inputs that are not available (Level 3) , the Commission will develop measurement criteria based on the best information available, including information from banking institutions and advisors. All of the Commission's financial assets are Level 1 inputs.

Concentrations of Credit Risk

Financial instruments which potentially subject the Commission to concentrations of credit risk consist principally of cash, receivables and amount on account with the State of New Jersey/DOT. The Commission places its cash with high credit quality financial institutions. The Commission monitors the financial condition of the banking institutions, along with their cash balances to minimize this risk.

Amount on account with the State of New Jersey/DOT

The State of New Jersey/DOT maintains a non-interest bearing account on behalf of the Commission with the State of New Jersey's control. The account is used to receive substantial all fees, as well as to pay various expenses, on behalf of the Commission. As of June 30, 2014 and 2013, the State of New Jersey owed the Commission \$ 66,724 and \$ \$281,180 respectively.

Pension Plan

Commission employees are considered employees of the State of New Jersey and participate in the Public Employees' Retirement System ("PERS" or "System") which has been established by the state statute. The Division of Pensions and Benefits (the "Division") within the Treasury Department of the State of New Jersey is the administrator of the plan. According to the state of New Jersey Administrative Code, all obligations of the system will be assumed by the State of New Jersey should the system terminate. The PERS is considered a cost-sharing multiple-employer plan.

The Public Employees' Retirements System was established in January 1955 and significantly amended October 29, 2014 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement healthcare to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State administered retirement system. The 2010 legislation implemented the "tiered" system whereby employees are eligible for benefits based upon their date of hire, number of weekly hours worked and annual salary. Vesting for pension benefits occurs after 10 years of service and 25 years of service for health care coverage. Members are eligible for retirement at age 60 for Tier 1 and Tier 2 employees at age 62 for Tier 3 and 4 employees with an annual

The New Jersey Maritime Pilot and Docking Pilot Commission
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Pension Plan (Continued)

Benefit Tier generally determined to be 1/55th of the final average salary for Tier 1,2 and 3 employees and 1/60th of the final average salary for Tier 4 employees multiplied by the number of years of service. Early retirement is available to those under normal retirement age with 25 or more years of credited service, but at a reduced rate.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information for PERS. As of June 30, 2014 the aggregate funded ratio and unfunded accrued liability for local PERS obligations was 58.8 % and \$7,177 billion, respectively. The financial report may be obtained by writing to the State of New Jersey, Department of the treasury, Division of Pension and Benefits. P.O. Box 295, Trenton, New Jersey, 08625-0295 or through the Division of Pension and Benefits website at www.state.nj.us/treasury/pensions.

Funding Policy

The contribution policy is set by the New Jersey Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The actuarially-determined contribution includes funding for cost of living adjustments, noncontributory death benefits and post-retirement medical premiums.

In accordance with the provisions of N.J.S.A. 43.15A, the contribution policy requires State related employers and the State of New Jersey to make a normal contribution and an accrued liability contribution, if applicable, determined by a qualified actuary. The State's base payroll subject to PERS contributions for the year ended June 30, 2014 was \$3,788,158,806.

Contributions to PERS for the years ended June 30th made by the State were as follows:

Year Ending	Annual Required Contribution	State Contribution	
	Amount	Amount	Percent
06/30/2014	\$ 1,130,225,213	\$ 459,704,218	40.70%
06/30/2013	\$ 1,044,327,298	\$ 301,739,723	28.90%
06/30/2012	\$ 979,368,523	\$ 155,453,471	15.90%

The New Jersey Maritime Pilot and Docking Pilot Commission
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Operating Lease:

The commission leases a 620 square feet office space on the 9th floor of the New Jersey Transit Authority headquarters located at One Penn Plaza Newark, NJ 07105 on a month to month lease at \$2,000 per month plus escalation. Rental Expense for the years ended June 30, 2014 and 2013 were \$25,605 and \$25,080 respectively.

Subsequent Events:

The Commission has evaluated subsequent events occurring after June 30, 2014 through the date October 29, 2014 which is the date the financial statements were available to be issued. Based on this evaluation, the Commission has determined that no subsequent events have occurred which require disclosure in the financial statements.

Other Matters- Statutory Fee Income:

The Commission temporarily adjusted the pilotage fees to .25% from 1.25% in the current fiscal year to enable the Commission to utilize the funds on account with the State of New Jersey. This reduction accounted for the significant reduction of Revenue in the current Fiscal year.